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P a r t I

DEVELOPMENT OF EUROPEAN INTEGRATION

I. GENERAL PROBLEMS

Chronological summary

- 7 September Proposal by Mr. Spaak, the Belgian Foreign Minister, to create a European political union.
- 15 September Queen Juliana's Speech from the Throne.
- 17-18 September 6th Congress of the Socialist Parties in the EEC States in Rome.
- 29 September Debate in Bonn on European questions by the Foreign Policy Working Party of the CDU/CSU Group in the Bundestag. Federal Chancellor Erhard discusses his new European plan.
- 30 September-
2 October Talks in Bonn on European questions between Mr. Marijnen, Dutch Prime Minister, Mr. Luns, Dutch Foreign Minister, and Mr. Erhard, the Federal Chancellor.

European integration

1. Discussion of new plans for Europe

a) The Spaak Plan for European political union

During a joint meeting of the Political Committee of the Western European Union and of the Chairmen of the Foreign Affairs Committees of the seven member countries, held in Paris on 7 September 1964, Mr. P.H. Spaak, Belgian Foreign Secretary, proposed a plan for a revival of European political union.

Commenting before the press on his intervention in committee, Mr. Spaak stated that the time had come to put an end to political "immobility". It was necessary to find a new approach that would meet the Fouchet Plan half-way. This meant making shift, for the time being, with a three-year agreement instead of a treaty.

It was essential, in Mr. Spaak's opinion, to achieve some form of political co-operation between member countries of the Common Market.

The present European political community is not qualified to deal with foreign policy, defence of cultural matters and the Treaty of Rome did not refer to these questions.

It might therefore be advisable, Mr. Spaak added, to reconsider the Fouchet Plan and to create a political committee of "three wise men", chosen from among member countries of the Common Market.

The proposed political committee should be set up for a three to five year period during which it would have to draw up a final plan for the future.

Even if the future Europe could not be completely supranational, it would have to have "an efficient organization on a solid structure".

Replying to journalists who asked him at the end of the meeting why he had given up his opposition to European political

union without Britain in his statement on European union, Mr. Spaak declared: "There is a limit to everything in time. British reaction to the proposal I put forward today was unfavourable. The Conservatives seem to be in a difficult position. The Labour Party professes that it is not interested. If the British do not want to do anything on the subject, this changes the problem and I consider that the Six must now proceed."

Mr. Spaak continued: "I explained that something new had to be tried, more or less along the lines of the Fouchet Plan, "less" because I am not suggesting a final treaty. We should rather seek a governmental agreement for three years. This could later lead to a final treaty. Political union should now be based on a political committee not empowered to take any decisions. It would be responsible for organizing work and carrying out decisions. In suggesting three "wise men", I felt that this would make the committee more in the nature of a Community body than if each member of the Common Market were to be individually represented."

In a more explicit statement to "Le 20e siècle fédéraliste", Mr. Spaak pointed out that: "In the spirit of the signatories to the Treaty of Rome - and this should always be borne in mind - the European Economic Community was to be a stage in the progress towards a politically united Europe. Moreover, a purely economic Europe could not possibly survive - whatever the results already achieved."

Indeed, for a number of years now the political construction of Europe has made no progress. We often speak of the opposition between the "supranational" concept and that of a "Europe of States". I think that the basic issue can be summed up as follows: Could a politically united Europe be achieved without institutions and an authority of its own? Of course not.

We must therefore set up European political institutions; but at the same time our approach must be a realistic one. We must accept the fact that everything cannot be done immediately and we must envisage compromises in so far as they do not prejudice the final aim.

In the past we used to think that the United States of Europe could be created more or less on the same lines as the United States of America, that is with a federal constitution presented to the governments as a basis for a coherent construction. This was a mistaken belief, as experience proved it.

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However, we made a further experiment - in respect of the Common Market. This turned out to be a successful one. No one could dispute the fact that its success is largely due to the relations that have been established between a Community committee and the national governments. Why should we not apply this method, which has stood the test of experience, to the political field and in particular to external, defence and cultural policy matters?

I maintain that we could set up immediately a European organization composed of men appointed by the Governments but independent from them as in the case of the members of economic committees. Initially, this common body would have no power of decision but would represent the interests of Europe. It would promote relations between the latter and the national States.

This is the step that must be taken now, without any further delay, for the people of Europe are becoming deeply concerned over its future.

A movement that aims at uniting Europe cannot afford to mark time; it must advance. If it does not, then those that have put trust in it - in the industrial and trade union spheres in particular - will wonder, on finding that no further progress has been made for the past seven years, whether they have not in fact taken the wrong road. They would then revert to their former habits. This is why we are beginning to witness in all the countries an emergence of nationalism, which we believed to be entirely out of date, as well as a reversal to pre-First World War ideas."

In connexion with this plan, Mr A. Fontaine writes in "Le Monde": "If we have clearly understood the object of the plan, this would mean that the Governments of the Six, while not signing for the time being any treaty or adopting a definite position regarding the problem of British participation, would resume their periodical talks (a new "summit" being likely to be called to lay down the terms of these talks) and a group of three "wise men", chosen for their competence and stature, would be invited to submit fully independent suggestions to the Governments who would be free to accept or reject them. It is, however, clear that in Mr. Spaak's view this group should be the nucleus of the Community's political authority, to be created on the lines of the EEC and Euratom Commissions and of the ECSC High Authority.

This system of discussions between Governments and Communities and of extending Community principles, already applied in economic matters, to political, cultural and military matters, is the very system Mr. Jean Monnet has been indefatigably advocating. It would be unnecessary to stress the fact that it does not actually meet the wishes of the French Government which is already reserved with regard to the economic communities and has always been rather cool - if not hostile - towards the idea of creating a political community body. While the "interesting" character of an initiative "that has the merit of existing and raising the problem" is being praised in authorized spheres, and while an assurance has been given that it would be "carefully studied" as soon as it has formed the subject of an official communication, it would nonetheless be surprising if Paris suddenly became converted to supranationality. This does not mean that it would not accept "a trial run" without any commitment, since no treaty would be signed and a better atmosphere could be created. But the proposed plan would certainly involve heated debates on the terms of reference of the three "wise men", and even more so later on.

If the French Government agrees to the proposal, then the others would most probably follow suit. The Dutch, who are more attached than their partners to British participation, could not keep aside of such an uncompromising project. But it is probable that, within this new framework, they would struggle as hard as before for their positions, with the blessing of the British who do not conceal some disappointment at being "let down" by Mr. Spaak. The latter has certainly made it clear to them that the door had not been closed to Britain but that one could not wait indefinitely to know what her attitude would be.

The Foreign Office spokesman refused to comment on the Belgian initiative, but official circles recall, according to Reuter, that Great Britain still feels she has a part to play in Europe. Mr. Mayhew, assistant spokesman of the Labour Party for Foreign Affairs, was opposed to the idea of submitting foreign and defence policy matters to majority votes in the Western European context. In his opinion, it is time to start thinking in terms of a united Europe including the Eastern and Western blocs; this would exclude both the multilateral force and a European deterrent force."

Mr. Harold Wilson, leader of the British Labour Party, stated at a press conference held at the beginning of September that after the election of a Labour Government in October, Britain would endeavour to establish closer political and economic links with Europe. Mr. Wilson made it clear that he was in

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favour of "regular ministerial meetings" grouping together representatives of all the countries of Western Europe "including the neutrals".

He pointed out, however, that the Labour Party would remain opposed to any idea of a supranational political organization.

Five Labour conditions in connexion with joining the Common Market refer to the protection and interests of the Commonwealth, EFTA and British agriculture, as well as to the need for the United Kingdom to retain her independence in foreign and economic policy matters.

A few days after Mr. Spaak's statement, the French federalist movement "La Fédération" declared that it had noted with satisfaction Mr. Spaak's recent initiative for a political "revival" of Europe. It considered that the main advantage of the proposal by the Belgian Foreign Minister resided in the fact that it removed the "preliminary condition" relating to Britain, without preventing a subsequent British association with or membership of the Common Market, and that it defined the European question in realistic and concrete terms.

The Movement hoped that the French Government would give active consideration to the proposal and that official negotiations with a view to setting up the nucleus of a European political authority would be initiated as soon as possible between the Six.

In an interview to the "Algemeen Handelsblad" of Amsterdam, Mr. Spaak amplified his ideas on a revival of European political union.

In connexion with the composition of the committee of "three wise men", he declared in particular: "Why three and not six? Because a committee of six members would mean a representative of each country and this would accentuate the national aspect of the matter to the prejudice of the Community aspect. I would add that I do not think there would be sufficient work for six people in the present state of affairs."

When asked: "What would be expected of these three wise men?" Mr. Spaak replied: "They would be responsible for preparing discussions, applying decisions of the Ministers and, above all, drafting, in co-operation with the Ministers and their Parliaments, a final treaty based on past experience."

Question: The governments are not agreed on European co-operation. Will this divergence of opinion not also have a repercussion on the committee?

Answer: In my view this is a provision which could be discussed, the three "wise men" should not be elected for three years and a rotation should be possible. Let us assume that the three men are initially a Dutchman, a Frenchman and an Italian. In the first year the Italian could be replaced by a Belgian; in the second year, the Frenchman by a German, and in the third year, the Dutchman by a Luxembourger. In the end, each of the six countries would have had a representative on that committee for one year at least.

Question: Do you think General de Gaulle would accept all that?

Answer: It is not for me to reply to this question. I have not consulted the French Government. I hope that the idea will be acceptable to the General.

Question: Would not British participation be provided for from the beginning?

Answer: This remains an open question. It seems to me that the problem of British participation would have to be settled after the October general election. But what will the situation be after October? The Conservatives have asked to be invited to take part in the discussions. If this remains their wish after success at the election, the Six will have to consider the problem. In case of a Labour victory, I fear that the situation might be different. The Labour Party is not interested in economic and political Europe. We are faced here with a situation that has already occurred several times. My point of view has never changed.

I very much hope that Great Britain will become part of an organized Europe, but during the deliberations on the ECSC, the EDC and the Treaty of Rome, the British did not want to take part in the discussions. We were constantly obliged to act without them. This might happen again after a Labour victory in the general election, but I would insist on the fact that it would be senseless to embark on anything before the election.

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At a talk given in Antwerp on 24 September, Mr. Théo Lefèvre, Belgian Prime Minister, defined the scope of the proposals put forward by his Foreign Minister. "To build up a true European community," Mr. Lefèvre stated, "it will not be sufficient to have a political authority ruling over the existing organizations; the European Parliament will have to be given full parliamentary powers, particularly by having it directly elected."

The Belgian Prime Minister stressed the fact that they were not dealing with a capitulation on the part of Mr. Spaak before the "Europe des patries" of General de Gaulle, "The three wise men," he added, "should be appointed at the end of consultations between the Six, so as to prevent the choice being made from among the "extremist Gaullists". A three-year rota would be established in order that the six nationalities may be represented in turn. Their duties would be to establish the principles of European integration and to show the world that the Six are not always divided." Mr. Lefèvre added: "The United States would welcome this initiative as an attempt to come out of the impasse in which not only Europe, but also the Atlantic alliance finds itself. This initiative does not mean that Europe has yielded to Gaullism and the three "wise men" would remain faithful to NATO." (Le Soir, 10, 12, 20-21, 25 September 1964; Le Monde, 11, 16, 20-21, 25 September 1964; Le 20ème siècle fédéraliste, 11 September 1964)

b) The plan of the Federal Government

The CDU/CSU grouping of the Bundestag has a working party for foreign policy; this met in Bonn on 29 September to discuss a new approach by the German Government to the European idea. Those present included Mr. Erhard, the Federal Chancellor, Mr. Schwarz, Minister for Agriculture, Mr. Carstens, Secretary of State representing the Federal Foreign Minister, Mr. Hallstein, President of the EEC, Mr. von der Groeben, member of the EEC Commission and Mr. Hellwig and Mr. Bettlage, members of the High Authority.

The Federal Chancellor outlined the main features of the plan he had announced shortly before, to further European unity. These were:

1. A start had to be made with the Community of the Six, even without the United Kingdom, but in a way that would allow for the ultimate participation of the United Kingdom.

2. Supranational Community bodies could only be created on a limited scale, for France would not relinquish any sovereign rights nor would she accept any majority decisions. A body - a permanent secretariat - had however to be created that could represent the interests of the Community.
3. The European Parliament, even if France refused to grant it any far-reaching prerogatives, must be strengthened to the extent that it can at least discuss and report on foreign, defence and cultural policies. The Parliament must, moreover, be able to address proposals to the Council of Ministers.
4. The revision clause, that loomed so large in the talks on the French plans for political union, should be shelved. If the partners were to agree on a closer form of political co-operation, there would be no need for the revision clause; without any political resolve such a clause would not, in any case, be much use.
5. The political and economic foundation of the European Economic Community must remain, and on it the EEC must be further built up and embrace a monetary union to boot.
6. New ways of working together must not be allowed to prejudice co-operation within NATO.

These principles had the support of the Group members, who were all agreed that the Government's plan should be discussed with the other five Member States without delay and that practical steps to achieve the political union of Europe should be taken - with or without British co-operation. (Die Welt, 30 September 1964)

2. The European policy of the Netherlands

a) Extracts from Queen Juliana's Speech from the Throne

On 15 September 1964, Queen Juliana opened the Session of the States General and in her Speech from the Throne touched on the question of European unification; the relevant extracts read:

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The Atlantic defence system remains indispensable as an assurance of our freedom and as a guarantee of world peace. We must ensure that Atlantic co-operation and European integration are pursued in close harmony.

In the forthcoming year the Government will, with the same vigour as before, continue its efforts to enlarge the Common Market and to strengthen the structure of the European Communities. Widening of the powers of the European Parliament would also appear necessary.

In various spheres of the EEC's activity, progress has been made in developing co-ordinated and common policies, in spite of the differing attitudes of the Member countries.

Work on a common transport policy is encountering difficulties. So far the Dutch standpoint has only won limited support. The Government will pay close attention to the interests involved for these affect not only the Netherlands but also the whole Community.

In defining the common trade policy the Government will advocate further liberalization of world trade. It attaches great significance to the success of the negotiations for an all-round reduction of duties and other restrictions on trade. The Dutch Government will urge the European Community to take a constructive attitude to the Kennedy Round.

It is encouraging to find that the problems relating to developing countries are receiving increasing attention in international discussions. The World Trade and Development Conference gave expression to the growing view that there is a direct relation between development and trade. This is closely in line with the Dutch policy of aid and assistance to the developing countries.

There will be some extension of assistance in the form of bilateral agreements. This could be a stimulus to industry in some of the developing countries. Our policy will continue to aim at increasing development assistance and at making a more rational use of resources available for this purpose.

....."

(Proceedings of the States General, Joint Meeting on the opening of the 1964-65 Session)

b) Ministers Marijnen and Luns discuss European questions with Federal Chancellor Erhard

A communiqué was issued on the talks held in Bonn at the end of September between the Dutch Prime Minister and Foreign Minister and Federal Chancellor Erhard, the salient features of which read:

... "Questions of European policy were the main points discussed. Views were exchanged on the fundamental problems of political co-operation in a spirit of mutual understanding and with the desire to further the work of uniting Europe; the two Governments would continue to exert every effort to this end.

They reaffirmed their aim to build a united Europe on democratic foundations, accession to which should be open to other European states in addition to present Member States of the Communities.

The development of the European Communities was also the subject of close attention, in particular the proposed merger of the executive bodies of the European Communities and of the latter themselves. The two Governments considered it desirable to strengthen the European Parliament. In this connexion the Federal Chancellor also stressed the need to speed up the abolition of customs duties between Member States of the European Economic Community.

The two Governments were agreed that consolidating the internal structure of the European Communities was an urgent task that called for full attention on their part.

The two Governments attached great value to the regular discussions held by the WEU Council on the economic situation of Europe. They recognized the special importance of the Kennedy Round and were resolved to work for a successful conclusion." (Bulletin of the Press and Information Service of the Federal Government, 6 October 1964)

3. Resolutions passed by the Socialist parties of the European Community on European questions

The Sixth Congress of the Socialist parties in the European Community took place in Rome on 17 and 18 September. Several resolutions, appended below, were passed on European questions.

On widening the jurisdiction of the European Community, the Congress took the view that:

1. the measure of political, economic and social integration already achieved could only be carried to a successful conclusion if integration also embraced foreign and defence policies;
2. responsibility for foreign, defence and cultural policies should gradually be brought within the jurisdiction of the European Community bodies;
3. such an extension of the jurisdiction of the European Community presupposed agreement on the basic policy to be followed in these sectors and, in particular, agreement on the outward-looking character of the European Community and the preservation of Atlantic solidarity.

The Congress would welcome any move that would help to further this process, provided that:

- a) the powers and prerogatives of the European Community bodies were in no way impaired and their authority was not jeopardized;
- b) the national Parliaments were not deprived any rights that were not at the same time entrusted to the European Parliament.

In connexion with the 'democratization' of the European Community, the Congress moved as follows:

1. The growing lack of friendly relations between the three Community bodies - Parliament, Council and Commission - was a threat to the foundations of parliamentary democracy.

2. It should be ensured that unions were fairly represented on the single Executive when the Executives were merged. In this connexion the Congress endorsed the unanimous decision of the liaison offices of the Socialist parties in the European Community. Neither the merger (and winding up of the Committee of Presidents) nor the transition from the second to the first stage on 1 January 1966 should involve a further weakening of the influence of the European Parliament.
3. The Socialist parties of the European Community were determined systematically to prevent any such deterioration and to oppose any move of an anti-democratic nature.
4. The Socialists urged the Commission to act in accordance with the spirit of the Treaty and not to follow any policy of rash compromise with the Council but rather to seek agreement in the first instance with the Parliament whose support the Commission needed.
5. As a first step towards endowing the European Parliament with the traditional rights of a democratic legislature, the Socialists proposed that budgetary powers be transferred to the Parliament as envisaged by the authors of the Treaty of Rome.
6. Any departure by the Council of Ministers from unanimous or qualified majority decisions of the European Parliament would have to be justified to the European Parliament; the Parliament would then re-examine its position.
7. The Co-Legislature (Right of Assent) shall be established on the basis of the Council's adoption of a rule of procedure - passed by no less than four or five members, if not all - stipulating that the Council shall not deviate from a parliamentary position adopted in the second instance by a qualified majority, unless it is unanimously of a different opinion.
8. In order that the six national parliaments and the people of Europe may be put in a position where they could - in a democratic manner - critically assess the policy of the Council, the Council's secret ballots must be abolished.
9. Direct elections to the European Parliament as provided for in the Treaty, must be introduced at an early date. Every move leading towards this objective will be welcomed.

10. The Socialist parties of the European Economic Community will, when amendments to the Treaty come up for ratification in their national parliaments, accord special attention to the indispensable democratization of the European Community.
11. In harmonizing taxation, finance, economic and budgetary policies and in laying down the regulations for the European Agricultural Guidance and Guarantee Fund, the European Parliament must be endowed with those rights that the national parliaments will no longer be able to exercise.

The Socialist parties consider that these various questions should not only be examined in terms of their technical content; they should also be considered from a political standpoint so that the democratization criterion can be applied to determine what policy should be pursued.

12. Prior to any decision on appropriate regulations and measures, the Socialist parties in the EEC and the Socialist Group in the European Parliament will together make a careful study as to whether the principles of parliamentary democracy are being observed. Subsequently, their agreement on measures considered will be dependent on the observance of these basic principles."

With regard to the external trade relations of the European Community the Congress considered that:

- "1. The Socialist Parties of the EEC regret that the Community still has no coherent policy on the various aspects of its external relations. It is becoming a matter of increasing urgency for the EEC to develop a progressive and responsible common external economic policy both for domestic and foreign policy reasons. The EEC Commission must be given full authority to conduct negotiations on behalf of the Community with a view to shaping external relations.
2. To fulfil its responsibility towards third countries and in order likewise to overcome the major economic problems with which it is faced, the Community should pursue a non-protectionist trade policy.
3. The widening gulf between the prosperity of the industrialized states and the poverty of countries that are economically under-developed stands as a challenge to the whole free world. The Social Democrats of Europe

emphasize that the obligation to overcome poverty in the world is of universal political significance.

4. The EEC has a particularly large responsibility as the world's largest trading body. The European Community must therefore make the greatest possible contribution to the economic and social advancement of the developing countries. This duty must become the central aim of the EEC's external trade policy and external relations. The efforts of the EEC in this field are still insufficient.
5. The resolutions passed by the United Nations World Trade Conference in Geneva have the support of the Socialist Parties in the European Community. The fact that five of the six Member States belong to the Committee for Trade and Development underlines their special responsibility. The Social Democrats will draw up an emergency programme for the EEC which they will put forward at every Community level. The Social Democratic Parties of the EEC reiterate their demand that all duties and quotas on tropical goods be removed. Agricultural and industrial imports from the developing countries should not be hindered by anomalous price support and preference policies. Financial and technical assistance to help the developing countries to introduce modern techniques both in industry and agriculture is of decisive importance. The Sixth Congress of Socialist Parties of the European Community will support every move towards economic co-operation with the developing countries. It welcomes the Yaoundé Convention as well as the efforts made to bring about closer relations between the EEC and Nigeria, Kenya, Uganda and Tanganyika.
6. The Social Democrats of the six EEC countries are fully aware of the economic and political significance of the Kennedy Round negotiations. These are not merely directed at increasing transatlantic trade but should also provide Europe and the USA with an opportunity to solve together, as equal partners, the major political problems of our time and to safeguard the free and democratic status of the West.
7. The GATT negotiations offer a tremendous opportunity to free trade between the EEC and other countries from protectionism and discrimination. The Kennedy Round should enable the outward-looking and democratic forces in the Community to triumph over nationalism and trends towards self-sufficiency. The Kennedy Round is also of special importance for the promotion of internal European trade.

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8. The Social Democratic Parties of the European Communities support the proposal by the Action Committee for the United States of Europe to set up an EEC/USA Committee. The responsibility of this "bridgehead" Committee would be to pave the way for agreement on outstanding problems that require active attention. The EEC ought also to discuss with the EFTA countries and Japan questions affecting their interests.
9. Special importance attaches in the Kennedy Round to agricultural questions. The Congress welcomes the EEC decision to determine the present level of agricultural protection in all the GATT Member States and to negotiate on the basis thereof. For if agricultural protection were to be frozen at its present level, this would preclude any dynamic agricultural policy and be prejudicial to the interests of countries that export agricultural products.
10. The establishment of a single cereal price in the EEC is essential to the success of the Kennedy Round. The Social Democratic Parties in the EEC regret that no appropriate decision has yet been taken by the Council of Ministers. Price and structure policy must result in agriculture finding its proper place in the economy as a whole.
11. The European Social Democrats regard the existing European Communities as a stage in the development towards the United States of Europe. Accession to the European Community must therefore remain open to all countries that accept the principles and aims of the European Treaties and that are in a position to fulfil the commitments accession would involve. Accession to or association with the European Community should not be open to non-democratic European countries.
12. For the democratic countries of Europe, whose special situation does not allow them to accede to the Community for political reasons, a special type of association must be found involving reciprocal obligations.
13. The door of the EEC must again be opened to the United Kingdom and the Scandinavian countries. The organs of the EEC should follow a policy that will lead to such a development. Close co-operation with the democracies of Northern Europe is necessary to the essential democratization of the European Communities and to the preservation of old-established trading relations.
14. Certain European countries felt that they could not accept the "Community" concept of the EEC. Every effort must be made to prevent these groupings from becoming opposing blocs. Every effort must be made to throw down more bridges between these two parts of one and the same Europe.

15. The Trade Agreement now concluded between the EEC and Israel must, as soon as possible, be turned into an association agreement with suitable preferential clauses. The Social Democrats, especially in the governments of the EEC Member States, are resolved to bear this political exigency in mind."

(Sozialistische Europa-Korrespondenz, No. 22, 1964)

4. The problem of increasing the supervisory powers of the European Parliament

Following a debate on 21 and 22 May 1964 (1) on European questions held by the Foreign Affairs Budget Committee of the Second Chamber of the States General, Mr. De Block, Secretary of State for Foreign Affairs, addressed a Note to the Second Chamber explaining the views of the Dutch Government on the democratization of the Communities.

The "Note on increasing the supervisory powers of the European Parliament" begins by outlining the national and Community regulations on responsibility in force in the Community (2).

The Dutch Government had always held, as a matter of principle, that the terms of the Council's provisional regulations concerning the (secret) nature of its decisions could not be deemed to restrain the Dutch Minister on the Council from informing the Dutch Parliament either of the line he had taken at a Council meeting or of the way he had voted. The Dutch Government further undertook, when a suitable opportunity occurred, to take steps to secure a revision of these regulations so that details of votes cast on the Council be published.

In compliance with Article 155 of the EEC Treaty, the Council empowered the EEC Commission to enact the regulations passed by the Council and this necessarily enhanced the supervisory powers of the European Parliament. One instance of this occurred when the agreements policy was being worked out and another when the basic regulations for the common agricultural policy were being defined.

(1) See Monthly Bulletin No. 7 page 79

(2) These regulations were dealt with in detail by Mr. Kapteyn in his opening address. See Monthly Bulletin, No. 8/9, page 7

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The Dutch Government would continue to do its utmost to strengthen the democratic character of the Community, as expressly provided for by the signatories to the Treaty in the article dealing with the direct election of the European Parliament.

Although the administrative and parliamentary institutions had developed their Community character - in line with the Treaties - several Member States, including the Netherlands, considered that the influence of the Parliament on Community policy carried too little weight. The need for finding new ways of strengthening the Community's democratic structure came to a head when the financial arrangements for the common agricultural policy were being discussed. So far none of the proposals for a gradual increase in the powers of the Parliament had been accepted by all the Member States and under present circumstances there was little chance of any tangible progress. All the more reason for making the most of every opportunity now open to the European Parliament to bring its influence to bear on the direction taken by the Community policy.

Drawbacks on exports to third countries and interventions on the domestic market hinged on the Community's price policy. The Council decided on the scale of such interventions and drawbacks when it set the prices for the farming year. These decisions followed from proposals by the Commission and in the second stage required the unanimous support of the Council, the qualified majority principle becoming operative on 1 January 1966. The influence of the EEC Commission and, hence, of the European Parliament had increased appreciably.

Similarly, under a resolution adopted by the Council at the end of 1963, on the basis of a Dutch proposal, the EEC Commission now submitted a provisional estimate of expenditure relating to the common agricultural policy for a whole farming year at the same time as it submitted proposals on the prices to be adopted. It was for the European Parliament itself to decide to what extent it will intervene in the drafting of these provisional estimates.

Structural reform schemes coming under the heading "guidance" in the Agricultural Fund also stem from the EEC Commission proposals that are passed by the Council which is obliged, at this juncture, to consult the European Parliament.

The Dutch Government had on several occasions attempted, during Council meetings, to raise the question of merging the

Executives with a view to improving the legal status of the European Parliament in regard to budgetary matters. The majority reaction to the Dutch proposal of February 1964 (1) had been unfavourable.

(1) Dutch proposal on budgetary procedure:

Article 203 of the EEC Treaty to read (Article 177 of the Euratom Treaty and Article 78 of the ECSC Treaty would have to be similarly amended):

1. The financial year shall run from 1 January to 31 December inclusive.
2. Each institution of the Community shall draw up provisional estimates of its expenditures. The Commission shall consolidate these estimates in a preliminary draft budget. It shall attach thereto an opinion which may contain estimates diverging from those submitted to it. The preliminary draft budget shall be laid before the Council and the Assembly by the Commission not later than 30 September of the year preceding that in which it is to be operative. The Council shall, whenever it intends to depart from the preliminary draft, consult the Commission and, where appropriate, the other institutions concerned.
3. The Council shall, by qualified majority vote, draw up the draft budget and then transmit it to the Assembly. The draft budget shall be laid before the Assembly not later than 31 October of the year preceding that in which it is to be operative. The Assembly shall be entitled to propose to the Council amendments to the draft budget.
4. If, within a period of one month from the receipt of the draft budget, the Assembly has given its approval, or has not made its opinion known to the Council, the draft budget shall be considered as finally adopted.

If, within this period, the Assembly has proposed any amendments, the draft budget so amended shall be transmitted to the Council and the Commission. Within a period of x days the Commission shall inform the Council of its opinion and, should the case arise, append thereto new amendment proposals that take into account the draft as amended by the Assembly. The draft budget so amended shall be considered final except if within a period of y days after it has been informed of the opinion of the Commission, the Council

- 1) decides by a majority decision and in compliance with the opinion expressed by the Commission, to reject it, or
- 2) decides by a majority decision notwithstanding the opinion expressed by the Commission to reject it.

"The only reform that all Member States would accept at present would consist in holding a political debate each year in which the European Parliament, the Executive and the Council would take part. There would be a general review of the financial policy followed during the preceding year and each party would give an account of its financial management and accept responsibility therefor. This debate could take place before the budget were drawn up for the following year." Although the Government felt this procedure would be quite inadequate, it would meet the suggestion made in Mr. Furler's Report (1) that the Executive and the Council should hold a debate with the Parliament to discuss the basic principles according to which draft budgets should be drawn up before their being established.

The future policy of the Netherlands

The Dutch Government felt that more use could be made of the opportunities provided by the EEC Treaty gradually to increase the influence of the European Parliament but that in view of the fast pace of integration these powers would remain insufficient. The Government's policy therefore still hinged on the need to make maximum use of the opportunities provided by the Treaty and sought at the same time to strengthen the powers of the Parliament by a revision of the Treaty. Any procedure to increase the formal powers by a gentleman's agreement would be unacceptable to the Government since it would be technically illegal and imply an agreement to depart from the terms of the EEC Treaty; similarly, such a procedure would not be accepted by all the partners for in view of its substance they would reject it for the same reasons as they would reject a revision of the Treaty.

In regard to Community regulations and administration, the influence of the Parliament had to stand as the most reliable guarantee as to the democratic nature of the institutional system. The most noteworthy current example was agriculture, where the common policy had already begun to take effect. As the market, price and structure policies acquired more pronounced Community characteristics in the Member States, the time would be drawing near (1970 at the latest) when they would be financed mainly from the Community's own resources. Structural reform schemes and prices, that is to say the bases of this policy, are - or will - to a large extent derive from Community principles. Political relations between the Commission and the European Parliament necessarily implied that when the Commission submits price proposals, provisional estimates and plans for structural reform schemes, it would, to a large extent, have an eye to the views of the European Parliament on these matters. Even though the institutional structure of the European Community did enable the European

(1) Report submitted on behalf of the Political Committee of the European Parliament, June 1963, page 20.

Parliament to influence the Commission at every level, this still did not imply any direct influence on the Parliament's part on the form and content of budgets.

In regard to budgets, the Government felt that the powers of the European Parliament should gradually be increased in proportion to the replacement of financial contributions to the Community's budget made by Member States by resources available to the Community itself, as laid down in Article 201 of the EEC Treaty.

The Dutch Government would in future negotiations in Brussels bear the urgency of this problem in mind at all times. Contacts had already been made with the responsible Committee in the Second Chamber to study how and when the Government should table this item on the Brussels agenda. (Second Chamber of the States General, 1963-64 Session; Doc.No. 7754)

5. Should the press join the Common Market?

Under this heading, Mr. R. Bouzinac, Director of the French Press Confederation, expressed his opinion on the draft directive of the EEC Commission concerning the freedom of establishment and the free supply of services to press activities.

The press would be one of the most powerful information and cultural media of a political Europe, but as long as the latter has not been achieved, it would be unthinkable to expect any relinquishing of sovereignty for the benefit of what is but a hope, always expressed but never fulfilled.

Those responsible for the French press feel that the written press could not become part of the Common Market at the present stage of European political progress.

We are only examining the premises as yet and we are already faced with the question of freedom of establishment which, if it were acknowledged, would make it possible for capital from Common Market countries to be invested in French press organizations, without any restriction of supervision.

In a politically united Europe, the free circulation and free establishment of press organs will become a necessity. The

granting of such freedom in a Europe that is as yet only an economic entity could only be done amidst confusion and uncertainty. The drafters of the Treaty of Rome, in their premonitory wisdom, made it possible for Member States to avoid this obstacle. Indeed, Article 56 of the Treaty stipulates that measures taken "shall not invalidate any legislation, regulations and administrative rules providing for special treatment for foreign nationals on the ground of public policy (ordre public)".

The Brussels experts dispute the scope of this Article by means of legal arguments whose value would be less debatable if we were not, in fact, dealing with a political context.

Thus, it may be asked whether, in more general terms, the French theory whereby the press should be beyond the field of application of the Treaty of Rome does not continue to be the only one that could reconcile requirements of formal order with our concern regarding the substance of the problem.

As a matter of fact, it was only by resorting to a subtle expedient - and by removing them from a "residual" sector loosely described as "unclassified activities" - that the Brussels authorities were able to come to the rescue of the press.

Was this expedient in accordance with the spirit of the Treaty whose text must be interpreted in a strict sense? It must be emphasized that it is, to say the least, paradoxical that this procedure should not have been extended to audio-visual information media which have a deep influence in the political as well as the economic spheres.

The Brussels "authorities" account for their action by declaring that they must keep to the actual terms of the Treaty. However, one must ensure that too many divergent interpretations do not lead to an application of the Treaty that would, according to Valéry's expression, be "between ulterior motives". (Le Monde, 23 September 1964)

II. EXTERNAL RELATIONS

1. "The EEC and world trade - an interim appraisal of the present situation and future outlook"

Mr. Alwin Münchmeyer took this as the theme of his address in Hamburg on 2 September to the "European Economic and Financial Press Union". Mr. Münchmeyer is President of the Permanent Conference of the Chambers of Commerce and Industry in the EEC States and Vice-President of the German Council of Trade and Industry.

Mr. Münchmeyer argued that the EEC as a whole was, in terms of its economic capacity, the equal of the USA and the USSR and might perhaps be regarded as ushering in a new phase in the world's economic development. The criticisms levelled at the EEC by third countries - particularly by the developing countries but also by certain industrialized states - to the effect that it was, in essence, a "club for the rich" or that it was veering towards widespread selfsufficiency, were not borne out by the facts and figures the first six years of the EEC had thrown up. On the contrary, if any had cause for complaint about developments to date, it was the EEC; its increased purchasing power had, since 1958, led to a high volume of imports resulting in a steadily increasing deficit in its balance of trade. What had actually ensued was just the opposite of what the third countries had feared: the EEC's imports had in fact increased. Yet the concern expressed by third countries should be taken seriously and careful thought should be given to how the EEC could remain one of the mainsprings of the world's economic expansion. Trade policy - of particular interest to third countries - is still blurred in its outlines and has yet to be finalized and has consequently not become fully integrated in the World trade system. This might be a handicap if the intention is to avoid the hazards inherent in the Community system.

The acid test of the EEC's trade policy, Mr. Münchmeyer added, would be the Kennedy Round. The economic interests at stake for the EEC and the USA, as the major trading partners involved, were of real moment.

The uncompromising attitude of the partners in determining their negotiating positions was a cause for concern and could lead to a situation from which it would be impossible to get out - without losing face - and find a reasonable compromise. "I regard this as extremely serious, Mr. Münchmeyer continued, if a balanced expansion of the world's economy be the end in view. All those taking part must eschew narrowminded self-interest and, much more than in the past, they must show they are ready to negotiate fairly and accept compromises. It will be up to the

politicians to ensure that this spirit prevails. They must not leave the negotiations entirely to experts who are bound to founder in a morass of statistics and statements of disparities."

The crucial issue for the EEC would be its agricultural policy. Mr. Münchmeyer welcomed the fact that this issue would be the subject of world level negotiations at the Kennedy Round, for the current agricultural problems facing the EEC had certainly not originated in the Common Market. On the contrary, they were basic structural problems common to all highly industrialized states. It would therefore seem logical to try to conclude world-wide commodity agreements covering the major agricultural exports from the temperate zone. Mr. Münchmeyer feared, however, that although support for such agreements was widespread, it often amounted to nothing more than equivocation - a way of evading firm decisions. World-wide agreements, he said, could never, as such, be a panacea that would eliminate the structural imbalance between supply and demand; they are more in the nature of a palliative for balancing out production and consumption. It was to be feared that such subterfuges would introduce certain ingredients of doctrinaire planning into the world's system of free trade. These considerations, however, did not relieve the EEC of its world-wide economic responsibilities for agricultural trade - or of its obligations towards countries in the temperate zone that were traditional suppliers of agricultural products. "The crux of the matter is and will remain agricultural price levels. If these be set too high, the fears of third countries, that the EEC is veering towards self-sufficiency in its agricultural policy, will very quickly be confirmed. It would theoretically be possible to enter the Kennedy Round with a hypothetical common agricultural price. This would, however, be no more than a breathing space because if any real progress were to be made at the negotiations, a common price would have to be an established fact. Only in this way will it be possible to oppose the American demand for quantitative reductions - a demand that ought to be rejected in order not to endanger the agricultural principles that have been born of so much effort. A rejection - that is rooted in the market organization system - of quantitative restrictions as such is a far from negligible step forward. The Federal Government cannot, therefore, avoid the price decision issue."

Mr. Münchmeyer described the negotiating position of the EEC as "fairly promising" in regard to industrial goods. Such dangers as existed were on the other side of the Atlantic where protectionist pressure again appeared to be exerting a stronger influence, even though the basic constructive attitude of the USA to the Kennedy Round was unchanged. What is serious is that despite recognition by both sides that the list of exceptions to the 50 per cent duty cut should include as few products as possi-

ble, the lists so far drawn up by the Contracting Parties already represented a high percentage of total imports. This was another example of the contrast between lip-service and actual practice.

Mr. Münchmeyer went on to say that if the Kennedy Round were manifestly a success, it would provide a true basis for Atlantic Partnership and, at the same time, solve some of the difficulties of relations between the EFTA and the EEC. In the long run, however, it is inconceivable that the two economic blocs in Europe should continue leading a separate existence. A "final solution" to the economic question could come through the possibilities offered to third countries by Articles 237 and 238 of the Rome Treaty, namely membership of or association with the EEC. In fact all the EFTA countries had submitted applications to this end and the breakdown in negotiations with the United Kingdom had not invalidated them. It appeared, on the one hand, reasonable for the EEC to work out certain principles on membership and association; on the other hand, however, the field of negotiations should not be narrowed down through inflexible attitudes. It would be easier in practice, in Mr. Münchmeyer's view, to seek an "overall solution" to Europe's problems whereby the EEC as a whole would join EFTA. He felt that the fear that the EEC would become weaker as a result was groundless and opined that the stronger the EEC was, the easier this course would be in comparison with the tremendously complicated bilateral accession and association procedure. This course offered two advantages; it would enable the Six to carry over their purely economic aims into the vast political field and, at the same time, make it possible to lower the common external tariff vis-à-vis the Seven at EFTA's own pace. The customs' barrier would thus be avoided. Furthermore, closer co-operation would also be achieved in the course of time in other spheres - and quite naturally since every free trade area sooner or later moves towards internal duty elimination and inevitably takes on something of the character of an economic union.

Mr. Münchmeyer regarded the Association Agreement with the African States as a valuable contribution to strengthening the links between Europe and Africa. This raised the question whether the Agreement should be taken as a pattern for future relations with developing countries. Every new association, he considered, would exacerbate out of all proportion the resentment of "outsiders" and increase the trend among non-associates to seek accession to the EEC. "It is, however, not the intention of the EEC, Mr. Münchmeyer explained, to set up a worldwide and extremely complicated system of association agreements, preference arrangements and so on. I rather think that the time has come for the EEC fundamentally to reappraise its attitude to Africa and work out a comprehensive policy for its relations with developing countries. It would appear to me that rather than constantly having new associations, it would be better, as a matter of

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trade policy for example, completely to eliminate customs duties on tropical products. This would dispose of one of the props of the Association Treaty with the "first generation" associates. I think, however, that as a third association agreement will be negotiated after the second has expired, consideration should be given to how such an agreement could be made attractive without reciprocal customs concessions. The 18 African countries should not forget the initial benefits they have gained from the association arrangements so far. Now, as has already been said, all these considerations must be taken into account in a comprehensive EEC policy towards developing countries. Above all, the EEC must more than in the past act and negotiate as a unit. The present state of affairs whereby every EEC Member State still endeavours to further its own interests through bilateral agreements would seem to me indefensible in the long run."

Mr. Münchmeyer concluded his observations with a frank comment on the European Economic Community. "If in the last few years, he said, we have not progressed as quickly as expected, nor as quickly as many hoped, this is not a sufficient reason for questioning the whole EEC idea. It would seem to me that economic integration remains the best of all possible methods of achieving political co-operation among the European peoples - an urgent need and an end very much to be desired. The most urgent one, however, is to put an end to the inconsistency between lip-service and actual practice.

We should have the courage, when faced with seemingly insuperable difficulties, to call a spade a spade. We should not cause disappointment by making promises that cannot and obviously will not be fulfilled. This particularly applies to relations between the EEC and the world around it. We must finally get to the stage where those responsible in the political and economic spheres and in the key sectors of our Community only discuss what they are really prepared to do." (DIHT Radio and Press Information, 1 September 1964)

2. Future prospects of the World Conference on Trade and Development

In an interview to the "Moniteur officiel du commerce international" (Official Gazette of International Trade), Mr. André Philip, head of the French delegation to the Geneva Conference, expressed his views on the results of the World Trade and Development Conference: "The idea of market organization is making enormous progress. Agreements on products will increase in the future.

The principle of industrial preference has been almost unanimously accepted, in spite of opposition from the United States. More work remains to be carried out to determine what would be regarded as global preference as opposed to special preference.

The need for flexible regional planning, carried into effect by means of economic agreements, has become clearly apparent. As a result of Dr. Prebisch's efforts, it would seem that Latin America will be first in achieving this aim.

At the institutional level, a new procedure has emerged. The developing countries were not long in realizing that a proposal pushed through by 80 votes to 20 did not mean progress towards the solution of their problems, since it was precisely those 20 voters that were being asked "something" ... Such a result was tantamount to getting the proposal rejected by 20 votes to 0.

On basic issues, unanimous agreement was reached, following an initial agreement resulting from the work of small negotiating parties. It must be stressed that a decisive part was often played by the Europeans in those committees which included, in addition to four representatives of the developing countries, four representatives of the industrialized countries. These were almost invariably an American, an Englishman, a Frenchman and another "European" (often Belgian).

How will the new procedure be institutionalized? We shall see. In any case, it was realized that unanimous agreement had to be obtained by means of small conciliation groups whose composition varied according to the nature of the problems dealt with. An efficient procedure has thus emerged. What has been created is equivalent, in the economic sphere, to the Security Council but without the possibility of a veto by some of the "Big" powers.

The association of the "Eighteen" with the EEC, defended by the Africans themselves, held good.

With regard to GATT, I do not know what will become of it. It seems that an interim organization will be set up and made responsible for matters relating to development and trade between the Eastern and Western blocs. GATT would then be solely responsible for trade relations between Western countries.

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It may be asked whether it would not have been advisable for GATT to extend its jurisdiction over the Eastern bloc. This may happen some day but it is by no means certain. What is certain, at any rate, is that, should GATT "contract", it would become an organization of the OECD type and its authority would consequently diminish.

The most positive and, possibly, the most "progressive" aspect of the Geneva Conference was the educational procedure initiated. There was at first, among the developing countries, a complete lack of the sense of intellectual responsibility. Their motions were only moved with a view to having them published in their local newspapers. Towards the end, however, they were moving true motions, designed to be carried out.

The developing countries did not believe in the virtue of negotiating: they regarded it as a kind of psychoanalysis treatment - an opportunity to relieve themselves of repressed desires. They gradually became aware of their responsibilities, displaying thereby moral maturity. All this is probably insufficient, but the maturity was real; I have seen it develop.

I regard Geneva as the most important occurrence in international trade relations, after the Treaty of Rome. The two systems - free trade and market organization - were embodied side by side in the "Final Act". Market organization is bound to come to the forefront as studies proceed.

A choice will of necessity have to be made by the industrialized countries.

In the field of trade and assistance towards development, France and the Six have an opportunity for leadership. But French policy - between old and new trends - has reached a turning-point. French leadership will only be possible if we are prepared to accept international commitments deriving from the position we want to assume." (Moniteur officiel du commerce international, 8 July 1964)

3. The British Labour Party and the Common Market

In an editorial entitled "Now let us stop turning our backs on Europe", The Sun, the new unofficial organ of the British Labour Party came out strong for Britain's accession to the Common Market:

"One great issue looks like being pushed aside by both the Tory Party and Labour at the General Election. The issue of Britain's place in Europe.

The Sun believes that Britain must one day become a part of the European Common Market. The sooner the better.

It is dangerous and unprofitable for Britain to be isolated from this powerful, thrusting block of European countries.

Yet this separation will continue unless a British Government work energetically to end it.

Since General de Gaulle obstinately blocked Britain's first attempt to enter the Market nearly two years ago, the present Government have become completely paralysed about the future of Britain in Europe. They have attempted no new initiative. They are apparently terrified of another French rebuff. They ignore the fact that the other five Common Market countries wanted Britain as a member - and still want her.

Labour's attitude is also bleakly negative. Out of the 8,000 words in their election manifesto, only a single chilly paragraph is given to the Common Market.

The Liberals are rightly eager that Britain should join. But the Liberals are hardly likely to be in a position to do anything about it.

The longer Britain stays on the fringe of Europe, the more difficult it will become to join.

Britain is part of Europe. By history. By geography. By trade. Isolation is neither splendid, nor intelligent, nor profitable." (The Sun, 16 September 1964)

III. ECONOMIC POLICY AND ECONOMIC SECTORS

Adjusting the German economy to the Common Market

Dr. E. Schneider, Chairman of the German Council for Trade and Industry, stressed in an interview with the "Berliner Tageszeitung" that in spite of Berlin's geographical "fringe" position, it was economically a part of the Common Market. He was speaking on the occasion of the German Industries Fair in Berlin. In this connexion, Dr. Schneider also expressed his opinion on the basic problems of adjusting the German economy to the Common Market. He continued:

"No German economist should conceal the fact that the present development of the European Economic Community is disquieting. The divergent political and economic objectives of the individual governments and the increasingly marked and regrettable emphasis on national interests are holding up the progress of European integration. In particular, the German standpoint regarding the question of a common price for cereals is a serious danger to the future development of the EEC and represents a threat to the success of the Kennedy Round negotiations. Despite these present difficulties it has to be realized that the EEC, as a result of its remarkably rapid and widespread initial achievements, has become a sound economic reality and has given the German economy a valuable stimulus. Between 1958 - the year when the Common Market was started - and 1963, German exports to other EEC States rose by 115 per cent and imports by 118 per cent. In terms of absolute value there was an increase of exports from 10.1 to 21.8 billion DM and an increase of imports from 8 to 17.3 billion DM. Irrespective of any political considerations, the Federal Republic should, in its own economic interest, stay on course and exert every effort to overcome the present difficulties.

A further consequence, however, of this fortunate economic integration of the EEC countries is that economic tension in one or more member countries soon make itself felt in others. In this connexion, it should be mentioned that the balance of trade surplus of the Federal Republic, totalling more than 5.5 billion DM, carries with it the threat that inflation may be imported from France and Italy - countries that are at present showing signs of instability. This threat is aggravated by the fact that the large surplus in Federal trade coincides with an appreciable import of capital. The interim measures taken at the national level to keep this trend in check have proved inadequate. The harmonization of monetary, financial and economic policies in the EEC countries and which should be extended as far as possible to the main trading countries, can only be fulfilled if there is economic stability.

The increasing integration of our economy, the resulting increase in competition with firms in the other EEC countries, will be further intensified as a result of world economic factors. The outcome of the World Trade Conference in Geneva showed that the industrialized states, even if they refuse to meet extensive demands from the developing countries, are not going to be able to ignore their demands of these countries for wider markets for their products. Although the increased imports from the developing countries will mainly involve agricultural products and raw materials, increased imports of finished and semi-finished manufactured products may also be expected in future. The Kennedy Round, which we hope will be a success despite major difficulties, could lead to a further stiffening of international competition and face the German economy with further adjustment problems.

A review of the measures taken to adjust the German economy is bound to show that it is in just those firms where such steps are most urgently required that the least thought has been given to expansion. Investigations made by the Chambers of Commerce and Industry show that measures taken by German firms to adjust themselves to the Common Market have lagged behind the French efforts in market research, competitiveness and above all in co-operation. Redevelopment in the form of a wholesale reorganization of the whole business policy with a view to greater marketing ability is vital and must sooner or later be carried out. Keener competition is forcing firms to do their utmost to obtain optimum costing. More than ever before, the aim should be to achieve the lowest possible unit prices through higher quantity production. This hinges on development in demand which is turning increasingly to the mass-produced article. To improve our export position while re-adjusting our economy and struggling to be competitive, the called-up capital position of firms is of special importance. A cut in taxation is therefore highly important and would lead to an improvement in the self-financing capacity of business and to a strengthening of their called-up capital position." (DIHT Informationen für Presse und Rundfunk, 21 September 1964)

P a r t I I

THE PARLIAMENTS

Chronological summary

I. EUROPEAN PARLIAMENT

- 22-24 September : Session of the European Parliament in Strasbourg.
- 22-23 September : Activities of the European Atomic Energy Community.
- 23 September : Report on the economic situation by Mr. Marjolin, Vice-President of the EEC Commission.
- Recommendation by the Parliamentary Committee for the Association between the EEC and Greece.
- 24 September : Energy policy implications of the merger of the Executives.
- Draft budget of the European Parliament.
- Budgetary questions and the merger of the Executives.
- 'Skimming' levy on certain dairy produce.

II. NATIONAL PARLIAMENTS

Germany

- 29 September : The Foreign Policy Working Party of the CDU/CSU Group in the Bundestag, discusses European questions (see Part I, chapter 1).

National Parliaments

Italy

31 August, 3 and 5 September : Debate on agricultural policy in the Chamber of Deputies.

Session of the European Parliament in Strasbourg
(22 to 24 September 1964)

1. The activities of the European Atomic Energy Community

The European Parliament heard a report by its General Rapporteur, Mr. Pedini (Italy) (1), on the Seventh Annual Report on the Activities of the European Atomic Energy Community. In his report Mr. Pedini outlines the position of nuclear energy in regard to the development of European economy and points to the prospects for nuclear energy in the light of basic requirements for the production of electro-nuclear energy and for ensuring reliable supplies. The choice of a Community policy is determined by considerations of competitiveness and problems connected with the use of nuclear energy in regional policy. With regard to Community policy and national programmes, the Rapporteur explains the attitude of member countries in regard to Euratom's policy, national programmes, structural problems and those of the common research centre.

Mr. Pedini devotes a large part of his report to social and cultural aspects of Euratom's activities. Health protection raises various problems, such as those of applying Euratom's basic standards and directives in the Member States, as well as controlling ambient radioactivity, radioactive effluent waste, the safety of nuclear plants, radiobiology and radioprotection. The Rapporteur also deals with safety control, third-party liability and insurance against nuclear hazards, education and professional training and participation in trade union movements.

Mr. Pedini finally refers to relations with third countries and developing countries as well as to the effects of a merger of the Executives on Euratom's activities and function.

A study of Euratom's activities, the position of the Governments and the Opinions put forward by rapporteurs for advice, lead the General Rapporteur to a series of conclusions of the future development of the nuclear sector in the Community. This mainly relates to energy production. The general principles of such a development policy would mean:

- a) operating in a sufficiently wide economic area so as to achieve interpenetration of national and Community programmes;

(1) Document No. 63/1964-65.

- b) promoting industrial concentration suited to the size of a nuclear market whose expansion was the subject of conservative forecasts;
- c) ensuring co-operation between industries and public authorities, which would also have an influence on the nature of the market and on economic and legal institutions;
- d) providing for co-operation with foreign markets through agreements concluded by the Community or co-ordinated at Community level, research contracts, intensified exchange of information not only with the United States, the United Kingdom and Canada, but also with countries who intend to develop their own nuclear policy.

A political and technical analysis of the prospects of the market lead the Rapporteur to the conclusion that a common effort is the only way that would enable Europe to have its own electro-nuclear potential without compromising its independence and slowing down its economic and social expansion.

Europe's nuclear future must be envisaged in terms of a harmonious combination of atomic power with other conventional energy sources (coal and oil) and with short and long-term forecasts. The important thing for the single Executive will be to lay the foundations of a common energy policy within the bounds indicated in the Agreement Protocol on energy problems that was approved on 21 April by the Council. If such a policy can be arrived at, it will be easy to define as well the conditions, institutions and rational programmes required to implement a European nuclear policy.

The Rapporteur concludes by recalling the numerous applications which atomic science is bound to find. Activities in the nuclear sector are in fact far from being restricted to the production of electric energy alone. They touch on the most diverse fields and will assume an ever growing importance. They include ship propulsion, biological research and agricultural production. In other words, they comprise very large fields in which science will increasingly be able to serve mankind.

Mr. Illerhaus (Germany), the first speaker to have his name put down for the debate, spoke on behalf of the Christian Democrat Group. He referred in particular to the problems that remained to be settled within the framework of nuclear policy. The main problem was that of allocating tasks for research work; these had to be shared out amongst the national authorities and

those of the Communities and amongst the private and public sectors. There was also the problem of equal access by Member States to the nuclear sector, in accordance with their possibilities. Finally, the extent to which Europe should refer to experiments carried out in other countries and adopt their methods, particularly American ones, had to be determined. However, one could not speak of a crisis in Euratom's case, although nuclear policy was lagging far behind what the framers of the Treaty had hoped for.

On behalf of the Socialist Group, Mr. Posthumus (Netherlands) stated that the preparatory phase of Euratom had been completed at a time when nuclear energy was becoming competitive as compared with conventional energy. He stressed the need for a Community policy particularly in view of the high cost of investment and nationalistic trends that were appearing in some countries on nuclear policy matters. The speaker asked the Executive to state its position precisely and to specify the results obtained in regard to co-operation with third countries. He also asked for exact details of the activities of the Ispra centre.

On behalf of the Liberal Group, Mr. Alric (France) pointed out that the progress that remained to be made in the field of atomic energy was immense and that the future was very promising. He drew the conclusion that one should not be unduly perturbed over the present situation. On the contrary, one should rather be aware of the progress that was being made, as the economic advantages of atomic energy were very difficult to assess. It was of course advisable to take full account of the profit-earning capacity of nuclear energy, but at the present stage this was not a vital consideration. For the Community organization, the essential aim was a re-allocation of duties amongst the various countries working in common in order that better use be made of these joint activities. Euratom's rôle was of capital importance but by no means restricted to uranium. In view of the interpenetration of all the activities, the merger of the Executives could prove to be extremely useful if carefully carried out.

Mr. Bousch (France, unaffiliated) pointed out that the Community's rôle was to devote all its attention to research work and to the pursuit of major- medium- and long-term-objectives whose extent and value warrant a common effort. It was in those sectors that Euratom's rôle was irreplaceable. It was also through the part played by the research centres and industries of the Six countries in achieving these objectives that co-ordination of national research programmes would be most effectively carried out.

It was surprising that the Commission should seem prepared to accept the low American prices, without justification or any other details, and ascribe some optimum results obtained with natural uranium reactors to purely incidental or local considerations. If co-operation within the Western world had any significance, it was precisely in order to prevent overlapping efforts, particularly in as costly a field as that of atomic energy, and in order not to develop identical types of reactors on both sides of the Atlantic Ocean when natural uranium reactors had proved more suitable for European conditions - although not entirely devoid of interest to America.

Mr. Burgbacher (Germany, Christian Democrat) called the Assembly's attention to the part played by the research centres and, in particular, by the Ispra centre.

Mrs. Probst (Germany, Christian Democrat) asked whether, after the coming into force of the Treaty, the Member States could renew former bilateral agreements on nuclear co-operation or conclude new agreements. She urged the Executive, on behalf of the Political Committee and in accordance with a previous resolution of the Parliament, to give special attention to the problem of bilateral agreements.

Mr. Santero (Italy, Christian Democrat) hoped that the Council of Ministers would grant adequate funds for training a larger number of technicians in radioactive protection methods.

Mr. Pêtre (Belgium, Christian Democrat) emphasized the social aspects of Euratom's activities and pointed out that the future prospects of nuclear energy would modify to an increasing extent the social aspects of an important question, namely that of safe working conditions for workers in the coal industry. He also called upon the Executive to ensure that the various Governments concerned take all the necessary measures in order to afford maximum health protection to workers and local populations.

Mrs. Gennai Tonietti (Italy, Christian Democrat) pointed out that the chief interest in making 'positive' use of nuclear energy was the possibility of applying radio-isotopes to medical purposes.

Mr. Philipp (Germany, Christian Democrat) reminded the Executives that an energy policy must define the source and quantity of energy that would be used for the 1975-1980 period.

Mr. Pleven (France, Liberal) stated that nuclear energy resources would be faced with a huge demand and that it was highly unlikely that a nuclear energy policy designed to replace conventional energy would develop otherwise than within the framework of a common energy policy. The question of prices should not be the only one to determine the industrial use of atomic energy. There was another question to be taken into account, namely that of making the necessary technical progress to be able to extract from nuclear fuel a sufficient proportion of the energy it contains.

Mr. Battistini (Italy, Christian Democrat) dealt with the question of nuclear infrastructures and suggested that Euratom should study the question of the optimum size for enterprises and the means required to set them up.

The aforementioned speakers were followed by representatives of Euratom's Commission who provided the Assembly with precise details regarding a number of points:

Mr. Medi considered Euratom's "crisis" as only a crisis of growth: the merger of the Executives would not mean its end. With regard to research work, the speaker stressed the fact that there was only a single co-ordinated and common action, jointly undertaken by the four research establishments.

He added that Euratom was following with considerable interest - within the limits of its competence - the question of a European University.

Mr. De Groote explained that while investments were lower for light-water reactors, operating expenses in connexion with the fuel cycle of light water were higher and that, in spite of the fact that the idea of a Community and European reactor appealed to the Euratom Commission, preference had to be given to graphite-gas. The best way to give equal chances to all the Community countries was to enable the most favourably situated national centres to continue their research work, while at the same time leaving it to Euratom to stimulate - without discrimination - improvement efforts on the two reactors, especially with regard to fuel elements.

Mr. Sassen stated that relations between the Community and the United Kingdom had been given a new impetus and that the Commission was anxious that co-operation should continue to develop satisfactorily. He added that there was now also closer co-operation between Member States and the Commission.

At the close of the debate the Parliament adopted a resolution in which it emphasized that Euratom's activities in the nuclear sector as well as with regard to participation in defining a common energy policy should take into account the following imperative conditions:

- a) nuclear energy must be smoothly integrated in the economic world, side by side with conventional energy sources;
- b) growing energy requirements must be met by medium and long-term planning;
- c) secure energy supplies must be ensured by achieving greater independence from energy imports and a relatively low price level allowing for a large expansion of consumption.

The Parliament felt that a choice between different nuclear energy production systems could not be made only with regard to costs, but that it must be based on the resolve to provide Europe with a negotiating power of its own and an efficient nuclear equipment. This could be achieved by co-operating, on a basis of equality, with all third countries and chiefly with the United States. It considered therefore that it was essential to pursue the common effort towards developing European design methods for slow reactors with a view to training technicians and promoting scientific and industrial research. It also considered it essential to foster at the same time research on fast reactors and nuclear fusion.

The Parliament's considered opinion was that Euratom's Executive should - in close co-operation with the ECSC and EEC Executives - work out general objectives and directives for developing nuclear energy in order to indicate the way in which the European Community intends to solve the problem of regional imbalances.

Convinced that it would be impossible, merely on the basis of national programmes, to create an independent and competitive European nuclear industry, the Parliament feels that the revision of the second five-year programme should make it possible to attain the following objectives:

- a) enable Euratom to bring the programmes that have been initiated to a successful conclusion, by adapting financial means to increased costs;

- b) intensifying basic research for the proposed third programme;
- c) harmonizing national programmes in order to adjust them to the Community programme;
- d) promoting distribution of work within the Community and industrial concentration;
- e) pursuing the common effort also in the field of experimental type reactors.

The Parliament considered it advisable to merge the Executives so that nuclear energy may be smoothly developed within the framework of the common energy and general economic policies.

The merger should be achieved, provided the following are safeguarded:

- a) all the present terms of reference of the Executive, as defined in the provisions of the EAEC Treaty;
- b) the administrative autonomy of special sectors that are essential in order to carry out a common nuclear activity.

It considered, however, that the merger of the Executives should be met by an extension of the powers of the European Parliament.

2. Statement by Mr. Marjolin, Vice-President of the EEC Commission on anti-inflation measures in the Community

The EEC Commission has been taking strong anti-inflation measures, with all the means at its disposal, for more than a year. These measures included a proposal to the Council that it recommend to the Governments of the Member States that urgent action be taken to restore the internal and external economic balance of the Community. The Council passed the text of this recommendation on 14 April 1964.

In his progress report on the policy followed in the Community in 1964, Mr. Marjolin said that one positive factor was that the Governments had given the exigencies of stability priority over other economic policy objectives.

With regard to imports of industrial products, monetary policy, public finance and the abolition of certain restrictions on competition, the Council's recommendation had, on the whole, been acted upon.

From the Community standpoint, the EEC Commission regarded it as very noteworthy that despite the great difficulties she had experienced, Italy had not introduced any direct restriction of imports.

Discussing the negative factors, the Vice-President of the EEC Commission observed that the budgetary policy, as a means whereby overall demand could be held in check, had not been in line with the recommendation. He felt that the overall stimulus stemming from budgetary policy in 1964 was still too strong. In almost every country, state expenditure would, in 1964, exceed the normative rate of growth of 5 per cent. There had likewise been hardly any progress towards working out and implementing an incomes policy. Furthermore, there had not been an appreciable slackening in tension in the building-trades in most countries.

Generally speaking, the EEC Commission felt that production was satisfactory but that prices and production costs were a cause for concern. With regard to the Community's external trade, there had been a slight improvement since the beginning of the year. The latest figures showed that the increase in the gross product of the Community in 1964 would probably be 5.5 per cent, instead of 4.5 per cent as originally predicted.

Mr. Marjolin drew the following conclusions:

- a) as a result of a favourable world market situation, there had been considerable expansion in monetary demand;
- b) for want of any stabilization policy the economic imbalance could have assumed disturbing proportions, for the growth rates quoted had meant that almost the entire productive resources of the Community had been taken up;
- c) the fears occasionally expressed, that a stabilization policy would slow down expansion, had proved groundless.

With reference to the economic situation in the Member countries, the position in Germany might be described as satisfactory; there had been a definite improvement in France; prices and production costs had increased too quickly in Luxembourg; there had been inflationary trends in prices and production

costs in Belgium and these were coming to a head; the position in the Netherlands had become particularly difficult because of the major increase in wages and consumption; in Italy, on the other hand, the position was made more complex by conflicting trends: production costs were rising too quickly, the capital market had been slack for several months and credit restrictions had mainly hit business investment. The delay in working out the stabilization programme, due to the governmental crisis, had also exerted an unfavourable influence.

The Federal Republic was asked to continue its present monetary policy and to abide by the Council recommendations in regard to its budgetary and taxation policy. France should not take the brake off demand too soon.

Luxembourg ought to check demand through public finance policy.

Belgium needed to make a special effort during the impending negotiations on an incomes policy.

The Netherlands had to take decisions on budgetary, taxation, and above all, incomes policies that would be decisively important.

Concerning Italy, the results of the anti-cyclic programme drawn up at the end of August could not be expected as yet. Italy should stimulate investment and at the same time check the growth in consumer expenditure. In the view of the EEC Commission, action should also be taken to prevent an increase in unemployment and a new outbreak of inflation.

Mr. Marjolin stressed that the necessary measures should be taken now if their effects were to register in 1965. He specifically recommended that an incomes policy be devised because of the pressure on prices from production costs expressed in costs per unit. The competitive position of the Community in relation to third countries could be permanently impaired.

The Vice-President of the EEC Commission then warned the Governments against making taxation concessions that would conflict with the stability objective. If such concessions were necessary for political or social reasons, the resulting growth in purchasing power simply had to be held in check.

Mr. Marjolin then stressed the need for a vigorous anti-inflation policy to keep inflation well in check.

Finally, the speaker announced that when the cyclic situation was next examined in Parliament in January 1965, he would make proposals for the adoption of a cyclic policy within the framework of a long-term development programme.

3. The Association between the EEC and Greece

The first annual report on the activities of the Council of Association (covering the period 1 November 1962 to 31 October 1963) has been submitted to the Parliamentary Committee of the Association; the Committee completed its work on this report by adopting a recommendation. The recommendation was submitted to the European Parliament in a report by Mr. Vendroux on behalf of the Political Committee (1).

During the first year the institutional machinery of the Association had come smoothly into operation. Although customs duties had been reduced, Greek exports to the EEC had sustained a proportionate fall-off. The overall pattern of the Greek economy had remained unchanged. However, it would be premature to describe the situation as critical.

On the basis of Article 33 of the Association Agreement, the Greek Government would like its agricultural policy to be regarded as a part of the Community's agricultural policy, the implication being that its agriculture should attract the same financial assistance as agriculture in the Six States and in accordance with the same criteria, the aid coming from the same funds. This standpoint was not accepted by the Community on the ground that Greece was not yet a member of the Community and could therefore not take a direct part in the work of the various institutions responsible for the common agricultural policy. Thousands of Greek workers were employed in the EEC which also had to deal with their problems at Association level.

These points recurred in the statements made by the Rapporteur, by Mr. Vanrullen (France) for the Socialist Group and by Mr. Kapteyn (Dutch Socialist), who also called upon the European Parliament to adopt the recommendation of the Parliamentary Committee of the Association.

(1) Doc. 65, 1964-65

Mr. Vanrullen said that the Socialist Group trusted that the bonds between Greece and the Community would become stronger as a result of the goodwill shown by both Greece and the EEC. He was convinced that both partners would benefit by the Association.

Mr. Kapteyn felt that the Association between Greece and the Community could not be considered in the same light as the co-operation between six Member States whose level of industrial development was almost identical. Greece still had a long way to go before reaching the same degree of industrial development as the Common Market, so that short-term results could not be expected from the Association. Automatic development of the Greek economy should not be anticipated in Mr. Kapteyn's view. A plan should be drawn up to change the structure of the Greek economy and we should be ready to combine our efforts in the kind of joint endeavour that Mr. Schuman had envisaged in the ECSC Treaty.

The gradual approximation of agricultural policies did not preclude a speeding up of the process. This was in fact a feature of the Community system. The error committed in the Association Agreement had been a failure to recognize the overriding importance of agriculture in the Greek economy. During the first few years Greece would have to draw her strength from the modernization of her agriculture. The speaker felt a solution to this problem had to be found. Although the attitude taken by the Community was legally justifiable, it ignored the overriding political need to boost Greek agricultural exports; these would yield the income Greece needed to modernize her agriculture and to stimulate the development of her industry.

In conclusion, the speaker drew attention to the Community's responsibility for the Greek workers in its midst. It was essential that their training be organized, for this was the cheapest and most effective form of technical aid that the Community could extend to Greece.

Replying on behalf of the EEC Commission, Mr. Rey pointed out that spectacular results could not be expected in the first year of the Association. This was still only the beginning of a very important development.

The Greek economy being what it was, it was understandable that Athens should attach primary importance to approximating its agricultural policy and that it should try to force the pace. The Community's reaction had perhaps been a little too adverse; this was mainly due, however, to the fact that the

Member States were still not in agreement on their own common agricultural policy. It was essential to find the happy mean; the EEC Commission did not feel it reasonable for the Community to be too restrictive in regard to financial aid for promoting the development of the Greek economy. Associated countries were joining a Community which was still in the throes of development and which had to ensure that its own internal development was also beneficial to its associates - even though the latter were not entitled to raise any claims in this matter.

To conclude, the speaker stated that the unfortunate conflict between Greece and Turkey should not embroil association relations. It would be unwise to prejudice the goodwill at present strengthening and accelerating the practical application of our agreement with Greece by adopting an attitude, that the Community might be tempted to consider hostile.

In conclusion, the European Parliament endorsed the recommendation adopted on 30th June 1964 by the Parliamentary Committee of the Association between the EEC and Greece; this recommendation called for action to develop the Greek economy within the framework of the Association. The main concern it stressed ought, in the short-term, to be with Greek agricultural exports to the Community and in the long-term with the expansion of processing industries. The rate at which financial help was granted should be speeded up. The Council of Association was called upon to work out a programme for technical assistance and a policy for the regional development of Greece. The gradual approximation of agricultural policies in no way precluded an acceleration in terms of which the Council of Association should plan appropriate action.

4. Energy policy implications of the merger of the Executives

The Parliament dealt with a report (1) and a supplementary report (2) on the energy policy implications of the impending merger of the European Executives, submitted by Mr. Burgbacher (Christian Democrat Group) on behalf of the Energy Committee.

The report discusses the energy policy aspects of the merger and makes suggestions as to what form the single Executive should take.

(1) Doc. 54, 28.7.64
(2) Doc. 68, 22.9.64

In his introduction, the Rapporteur stresses that his intention was to deal solely with certain energy policy implications of the merger of the Executives and not with the thorny problem of merging the Treaties or the Communities. The merger of the Executives was the indispensable first step towards merging the Treaties. The diverse aspects of a merger of the Treaties, which called for careful and searching analysis, would be dealt with by the Energy Committee in a subsequent report.

The report points out that co-operation between the Executives is hindered by the fact that the High Authority had its seat in Luxembourg and the EEC and Euratom Commissions in Brussels.

The need for closer collaboration had been borne out by the creation in 1959 of the inter-Executive Working Party on Energy whose task was to prepare the ground and step up efforts for the co-ordination and adoption of a European energy policy. So far, however, these efforts had not been crowned with success. The protocol agreement unanimously approved by the Council of Ministers on 21 April 1964 should be regarded as a first promising step in that direction.

One reason why the goal of a European energy policy had not yet been achieved lay in the divergence of interests as between Member States governed by the extent to which each could meet its own energy source requirements. There was a real dearth of the European spirit that would induce Governments to surrender sovereign rights to the Executive organs of the Community.

There were good grounds for maintaining that the energy sector, in contrast to other spheres of integration, was among those that had to bear the brunt of the difficulties arising from the existence of three separate Executives. A prompt merger of the Executives, provided the new Commission was endowed with powers commensurate with its task, would play an important part in ensuring optimum development of the energy sector.

In the meantime, the European "High Commission" that had emerged from the three existing Executives could undoubtedly take over the tasks of the High Authority and the EEC and Euratom Commissions for a certain period. A more compact administration of this kind would permit greater progress to be made in the energy policy than the present tripartite arrangement.

A single European Executive could subsequently, in the light of its experience, offer material assistance in dealing with the problem of merging the Treaties.

The merger of the Executives should, as part and parcel of the Community's economic policy, culminate in a single policy for all energy sources. In the process, an overall approach to energy policy should be worked out taking into account the basic principles laid down by the European Parliament in a number of resolutions.

In conclusion, the report states that it is essential, in working out a common European energy policy, that every branch of the energy sector should be placed under a member of the "High Commission". Ultimate responsibility for energy policy proposals or decisions would, of course, lie with the "High College" that was to be set up.

In addition to Mr. Burgbacher, the following took part in the plenary debate: Mr. Vals (Socialist, France), Mr. Philipp (Christian Democrat, Germany), Mr. Dehousse (Socialist, Belgium), Mr. Lapie, member of the High Authority and Chairman of the inter-Executive Working Group on Energy, and Mr. Hallstein, President of the EEC Commission.

Mr. Burgbacher, Rapporteur, said he was convinced that the work done to date on energy policy by the Parliament and the Executives would prove of greater material value than, for want of legislative decisions, had previously been the case.

In the report in question, the Committee and the Rapporteur had deliberately confined their attention to the merger of the Executives, to the exclusion of the merger of the Treaties or of the Communities. They had adopted this course on the grounds that, with the situation now existing in Europe, it might be difficult to resist the temptation to discuss the three stages simultaneously in such great detail as to compromise the first - the merger of the Executives.

Mr. Burgbacher added that he was convinced that the Parliament would find the single Executive a more effective ally than the existing three Executives.

If the successes achieved in the field of energy policy had been inconsiderable - that is, in relation to legislative achievements - the responsibility lay with the Council of

Ministers. In the face of these difficulties, a tripartite Executive could obviously not bring maximum pressure to bear in the Council of Ministers, as of course a single Executive could have done. This is a question of hard fact and has nothing to do with the human factor.

Mr. Vals, as spokesman for the Socialist Group, stated that on the whole he endorsed the general drift of the report and draft resolution.

He felt that responsibility for a common energy policy ought to be borne by all the members of the future "High Commission". A question that had to be raised was whether one could be absolutely certain that the Executives would be merged by 1 January 1965. In this connexion, it should be considered whether it might not be more effective for the Parliament to work out tentative solutions of which the "High Commission" would already be aware at the time it was constituted. As regards the Energy Protocol of 21 April 1964, Mr. Vals was not in favour of waiting until the "High Commission" was formed but felt that the High Authority should be invited to proceed immediately to implement the recommendations contained in the Protocol.

Mr. Philipp expressed doubts as to whether the merger of the Executive would lead to any material improvement in the energy policy situation. He argued that the different treatment accorded to the various energy sources in the three European Treaties had a profound influence on competition between them, so that immediately the Executives had been merged it would be essential to take decisions to eliminate competitive distortions.

Mr. Lapie, member of the High Authority, assured Mr. Vals that the High Authority would go ahead with its work in pursuance of the objectives laid down in the Energy Protocol, until the merger of the Executives finally took place.

He shared the view expressed in the report that the blame for the setbacks suffered by the common energy policy did not lie with the Executives who had, indeed, displayed a fine spirit of co-operation.

As the intended merger would not of itself ensure the adoption of a common energy policy, the Parliament would have to exert greater pressure on national governments and thus back the efforts that would be made in this direction by the future single Executive.

Mr. Hallstein, President of the EEC Commission, felt that the merger of the Executives would facilitate the introduction of the common energy policy. Of all the convincing arguments that the EEC Commission had for promoting and supporting a merger of the Executives, none was more compelling than the present situation regarding energy policy. The creation of a single Executive was not claimed to be a magic formula that would solve all problems at one fell swoop. It would, however, represent a step forward of great material significance, particularly as a single Commission, which could harness its entire resources to the end in view, would be able to bring far greater powers of persuasion to bear on any opposition that had to be overcome.

The resolution passed by the Parliament following the debate once again stressed that the work of creating a European energy policy had made no progress after its initial success. This was due not only to the leisurely fashion in which it had been handled by the Council of Ministers but also to the divergent responsibilities of the three existing European Executives. The energy sector of the Community was one whose development was hampered by the existence of three Executives.

The resolution advocated that the European Executives should be systematically grouped together at a common seat as a single Executive so as to ensure the centralized control of energy policy activities, for which the 'College of Members' is ultimately responsible.

The essential task of this "High Commission" - considered as the nucleus of a European Government - would be to introduce suitable energy policy regulations in the course of a transitional period.

It was expected that the "High Commission" would work out a long-term overall approach to energy policy embodying in full the guiding principles set out in a number of resolutions adopted by the European Parliament.

Member States were called upon to show more willingness to approximate their divergent interests in the energy sector, so as to strengthen the European sense of purpose and create the necessary conditions for the success of the energy policy activities of the new single Executive.

5. Draft budget of the European Parliament

On 24 September Mr. Weinkamm (Germany), Rapporteur, submitted a report (1) to the Parliament on behalf of the Budgetary and Administration Committee defining its attitude to the amendments which the Council planned to make in the joint EEC and Euratom budgetary estimates for 1965 concerning appropriations for the European Parliament.

The Committee's Report criticizes in particular the fact that the Councils struck out certain justifiable proposals made by the Parliament concerning the organization chart of its General Secretariat and refused to allow the increases in expenditure that have become necessary. The Committee felt that the proper functioning of the General Secretariat would be seriously affected thereby and that the Parliament would be unable to practice a sound personnel policy. It therefore considered that the Councils, in their decision to amend the budgetary appropriations of the European Parliament for 1965, had not followed the procedure laid down for budgetary arrangements; in other words they had neither called in the Co-ordinating Committee for Budgetary Questions nor had they apprised in due time the President of the Parliament and the Committee of the Four Presidents of their action. Furthermore, the amendments to the proposals did not involve the Councils themselves but only the Permanent Representatives Committee.

On behalf of the Socialist Group, Mr. Kreyszig (Germany) strongly protested against such a procedure. He deemed it "inconceivable that the Councils should interfere with the Parliament's budget."

The Parliament tabled a resolution along the lines of the Report to the effect that the Organization Chart and the budget for 1965 should stand as drawn up by the Parliament in June 1964.

6. Budgetary questions and the merger of the Executives

A second report (2) from the Budgetary and Administration Committee (Rapporteur Mr. Leemans, Belgium) was discussed on 24 September; this dealt with the budgetary and administration

(1) Doc. 69, 1964-65

(2) Doc. 55, 1964-65

questions that will arise when the Executive, and if necessary the Communities, are amalgamated.

The Report points out that when the Executives are amalgamated, budgetary and administration procedures will have to be worked out. While following the same pattern, they will have to take fully into consideration the material differences that exist between the three European Treaties. For example, the single Executive will have at its disposal the EEC's own resources, as well as the contributions paid by Member States for financing the EEC and Euratom. It would have to be quite clearly established, however, that the approximation of budgetary procedures would be confined to administrative expenditure. This would ensure that the special character of the financial sources of the ECSC is fully safeguarded and that nothing is changed in the Treaty provisions on the financial activity of the High Authority and the other two Executives. At the time the apportionment of administrative expenditure for the three Communities should not be divided into three equal compartments. The contribution to be made from the ECSC's levy to the budget of the Communities would have to be clearly specified from the outset. This should be firmly laid down so as to enable the single Executive to continue the activities of the High Authority by means of the same resources. With regard to parliamentary control, it is suggested that all administrative income and expenditure should be examined by a single control committee, according to the procedure laid down in the Rome Treaty. The Committee's report would have to be submitted to the European Parliament and published within an appropriate period. The ECSC's non-administrative income and expenditure would be dealt with by an auditor in a special report which, in accordance with the ECSC Treaty, would be submitted only to the European Parliament. The approximation of budgetary procedures which must mean the winding up of the Committee of Four Presidents of the ECSC, would in turn mean that the European Parliament (represented by its President on this Committee) would lose certain rights, so that it should again be remembered that the powers of the European Parliament in regard to budgetary matters must be increased. In connexion with administrative and staff problems, the Committee stressed that the merger of the Executives would lead to a streamlining of the services and that an appropriate organization chart should be drawn up for the single Executive. All members of the staff of the future single Executive must receive exactly the same treatment and come under the same service regulations that will safeguard the rights that have been won on the basis of earlier regulations.

The merger of the Communities, the report continues, should be rapidly carried out and the single Community should then be entirely financed with its own resources. The principle of unspecific commitment must play a bigger part so that social,

research and technical appropriations can be dealt with as a whole. Of course, the individual resources that would be taken out of the control of the national parliaments would have to be submitted to the control of the European Parliament. To strengthen expenditure control, the creation of a European court of audit should be envisaged.

The essence of this report is summed up in a resolution that was passed by the European Parliament.

Prior to that, Mr. Coppé, Vice-President of the High Authority, and Mr. Hallstein, President of the EEC Commission, had indicated their agreement with the report. Mr. Diehgans (CDU, Germany) advocated a reorganization of the ECSC levy; he took the view that raising a special European tax only from the coal and steel sectors, and not from all the other economic sectors, could not be justified on a long-term basis.

7. Draft regulation concerning the levy on certain products containing butter and certain products consisting of a mixture of milk and cheese

The European Parliament has been consulted by the Council of Ministers on a draft regulation concerning the levy on certain products containing butter and certain products consisting of a mixture of milk and cheese. The Parliament returned its Opinion at the session of 24 September.

This draft regulation is designed to stop evasions of the regulation concerning the gradual establishment of a common market organization for milk and dairy produce. Evasions could in fact have occurred through the use of mixture of milk and cheese produce.

The Agricultural Committee endorsed the regulation as submitted by the Executive Committee and moved its adoption. This was put before the Parliament by Senator Carboni on behalf of Mr. Charpentier, the Rapporteur (1) and the motion was carried.

(1) Doc. 67, 1964

II. NATIONAL PARLIAMENTS

Italy

Debate on agricultural policy in the Chamber of Deputies

During a debate on agricultural policy, Mr. Bozzi (Liberal) (1) stated that the provision under discussion - concerning compliance with "mezzadria" farm tenancy agreements (whereby the farmer pays rent in kind, the owner supplying stock and seed) - was a monument of illogicality, legal contradictions and political hypocrisy that was true to the form of the legal crisis prevailing in Italian institutions; it was an illustration of the omnipotence of the legislative power which had shattered the essential balance of power within the State. Mr. Bozzi then called upon Mr. Ferrari Aggradi, Minister for Agriculture, to indicate which official European Community document he was referring to in stating that this provision had won general support in the EEC. He then asked if the procedure laid down in the Treaty of Rome for enacting provisions that could result in a disturbance to the economy of a Community country had been followed.

Mr. Ferioli (Liberal) disputed the statement by Mr. Ferrari Aggradi to the effect that the Government had not failed to fulfil its obligations to the Community in submitting a document on compliance with "mezzadria" agreements. First of all, he said, the opinion returned by a special EEC Committee (that included Italian experts) supporting the retention of the "mezzadria" system, should have been included among the official parliamentary papers so that it could be used in evidence in the debate. Above all, the Italian Government had not sought the advice of the Community authorities as it should have done under Articles 101 and 102 of the Treaty of Rome. In this connexion, the speaker went on, the "Confagricultura" (Federation of Italian Farmers) had addressed itself directly to the EEC Commission in order that the present provision be subjected to the consultation procedure laid down in the Community Treaties. He denied that the intention had been to cause undue interference by the Community bodies in the internal affairs of Italy: in ratifying the Treaties of Rome, Italy was in fact obliged to submit to this procedure any provision liable to interfere with competition or procedure distortions in the Common Market; whether or not the individual provisions fall under this category, in accordance with Article 102 of the Treaty, is outside the jurisdiction of individual governments; and is decided solely by the Community bodies. Mr. Ferioli emphasized the dynamism of the "mezzadria" system; he said that fewer "mezzadria" farmers were leaving the land than farm labourers or independent

(1) The speakers were almost exclusively Liberals.

farmers. In many areas "mezzadria" farmers were becoming owners; farm machinery and livestock had been stripped from the land. Mr. Ferioli referred here to a public inquiry conducted by the Socialist newspaper "Avanti!".

Mr. Zincone (Liberal) said that the Government had tried and failed to get the "mezzadria" system abolished in the EEC and had similarly and unsuccessfully invoked the Mansholt Plan for the same reason; the latter spoke of a critical reappraisal rather than an abolition of this system; the campaign against the farm tenancy system was not designed to serve the ends of social justice. Its aims were rather political, the intention being to strike a blow at the Italian land-owning classes - at a time when the Italians were being criticized for their lack of thrift.

In reply to the various speakers, Mr. Ferrari Aggradi, Minister for Agriculture, denied that the provision was in conflict with the obligations assumed in the EEC and recalled that the General Directorate for Agriculture of the EEC had asked a group of experts to study "mezzadria" problems in order to provide countries interested in the question with reliable information; he further recalled that the findings of this group were that in Italy, in contrast to what had happened in other countries, there had, legally speaking, been no progress in terms of reforms in this system. Europe was too great an asset, the Minister went on, and represented too great a commitment; it should not be used as a means of protecting special interests. Furthermore, it would be ill-advised to "drag" people and organizations into purely internal matters that are of no concern to them. (Chamber of Deputies - Summary Reports of 31 August 1964, 3 September 1964 and 5 September 1964)